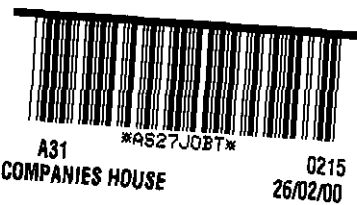


Registered Number 1357452

**PRIMASIL LIMITED**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 30TH APRIL 1999**



**PRIMASIL LIMITED**

**REPORT AND ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 1999**

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**The following page does not form part of the statutory accounts**

Trading Account	13
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## **PRIMASIL LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30TH APRIL 1999**

The directors present their annual report with the accounts of the company for the year ended 30th April 1999.

#### **Principal Activity**

The principal activity of the company in the year under review was the manufacture, design and development of fluorosilicone, silicone and fluorocarbon compounds, mouldings and extrusions.

#### **Review of Developments and Future Prospects**

The result for the year and the state of affairs of the company at the balance sheet date are considered to be satisfactory.

#### **Results, Dividends and Transfers to Reserves**

The results for the year are set out in detail on page 4.

A dividend of £2.00 per share has been paid on the ordinary share capital (1998 - £8.00 per share).

The retained profit for the year of £125,004 has been added to the reserves. (1998 - £94,406)

#### **Directors**

The directors in office in the year and their interests in the company's issued ordinary share capital were as follows:

S.C.G. Wheeler	Nil
Mrs. S.E. Wheeler	Nil
R. Frost	Nil

S.C.G. Wheeler retires by rotation and being eligible offers himself for re-election.

#### **Directors' Responsibilities**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- \* prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PRIMASIL LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 30TH APRIL 1999**

**Ownership**

The company is a wholly owned subsidiary of Chase Products Limited, a company incorporated in England and Wales.

**Auditors**

A resolution for the re-appointment of Thorne & Co. as auditors will be proposed at the Annual General Meeting.

Signed on behalf of the Board of Directors

S.C.G. Wheeler  
Chairman

Approved by the Board:



73 FEBRUARY 2000

**AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**PRIMASIL LIMITED**

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective Responsibilities of Directors and Auditors**

As described on page 1, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th April 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Ross on Wye

24 FEBRUARY 2000

*Thorne & Co.*

**Thorne & Co**  
Registered Auditor

**PRIMASIL LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH APRIL 1999**

	<u>Note</u>	<u>1999</u>	<u>1998</u>
<b><u>Turnover</u></b>	1	3,870,023	3,979,852
Cost of Sales		<u>-1,949,841</u>	<u>-1,852,458</u>
<b><u>Gross Profit</u></b>		1,920,182	2,127,394
Administrative Expenses		<u>-1,649,988</u>	<u>-1,427,782</u>
<b><u>Operating Profit</u></b>	2	270,194	699,612
Hire Purchase Interest payable		<u>-27,842</u>	<u>-11,872</u>
<b><u>Profit</u></b> on ordinary activities before taxation		242,352	687,740
<b><u>Taxation</u></b> - UK Corporation Tax	4	<u>-17,348</u>	<u>-193,334</u>
<b><u>Profit</u></b> for the financial year after taxation		225,004	494,406
<b><u>Dividends</u></b> paid	5	<u>-100,000</u>	<u>-400,000</u>
<b><u>Retained Profit</u></b> for the financial year		125,004	94,406
<b><u>Retained Profit</u></b> at 1st May 1998		<u>572,476</u>	<u>478,070</u>
<b><u>Retained Profit</u></b> at 30th April 1999		<u>697,480</u>	<u>572,476</u>

**Continuing Operations**

All of the company's activities in the above two financial years derived from continuing operations.

**Total Recognised Gains and Losses**

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

**PRIMASIL LIMITED**

**BALANCE SHEET - 30TH APRIL 1999**

	<u>Note</u>	<u>1999</u>	<u>1998</u>
<b><u>Fixed Assets</u></b>			
Tangible Assets	6	<u>854,659</u>	<u>580,994</u>
<b><u>Current Assets</u></b>			
Stocks	7	358,674	357,145
Debtors	8	<u>941,926</u>	<u>926,159</u>
		<u>1,300,600</u>	<u>1,283,304</u>
<b><u>Creditors:</u></b> amounts falling due within one year	9	<u>1,122,227</u>	<u>1,145,037</u>
<b><u>Net Current Assets</u></b>		<u>178,373</u>	<u>138,267</u>
<b><u>Total Assets Less Current Liabilities</u></b>		<u>1,033,032</u>	<u>719,261</u>
<b><u>Creditors:</u></b> amounts falling due after one year	9	<u>265,232</u>	<u>76,465</u>
<b><u>Net Assets</u></b>		<u>767,800</u>	<u>642,796</u>
<b><u>Capital and Reserves</u></b>			
Called-Up Share Capital	10	55,000	55,000
Share Premium Account		15,320	15,320
Profit and Loss Account		<u>697,480</u>	<u>572,476</u>
<b><u>Shareholders Funds</u></b> (Including non-equity interests)	11	<u>767,800</u>	<u>642,796</u>

Signed on behalf of the Board of Directors

S.C.G. Wheeler  
Chairman

Approved by the Board:



73 FEBRUARY 2000  
Page 5

**PRIMASIL LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH APRIL 1999**

	<u>Note</u>	<u>1999</u>	<u>1998</u>
<b><u>Net Cash Inflow from Operating Activities</u></b>	18a	<u>748,689</u>	<u>480,412</u>
<b><u>Return of Investments and Servicing of Finance</u></b>			
Interest paid		-27,842	-11,872
Dividends paid		<u>-100,000</u>	<u>-400,000</u>
		<u>-127,842</u>	<u>-411,872</u>
<b><u>Taxation</u></b>			
Corporation Tax Paid		<u>-103,328</u>	<u>-112,005</u>
<b><u>Capital Expenditure and Financial Investment</u></b>			
Purchases of Tangible Fixed Assets		-402,250	-186,289
Sales of Tangible Fixed Assets		600	250
		<u>-401,650</u>	<u>-186,039</u>
<b><u>Financing</u></b>			
New Hire Purchase		300,000	-
Hire Purchase repayments		<u>-55,744</u>	<u>-24,610</u>
		<u>244,256</u>	<u>-24,610</u>
<b><u>Increase (Decrease) in Cash in Period</u></b>		<u>360,125</u>	<u>-254,114</u>



## **PRIMASIL LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 1999**

#### **1 Accounting Policies**

The accounts have been prepared in accordance with applicable accounting standards and the following accounting policies have been applied consistently.

##### **Basis of Accounting**

The accounts have been prepared under the historical cost convention.

##### **Turnover**

Turnover represents amounts invoiced by the company in respect of goods and services provided and the value of work done, excluding Value Added Tax.

##### **Tangible Fixed Assets**

Depreciation is calculated on the reducing balance method so as to write off the cost of plant, vehicles and equipment over their estimated useful lives.

Plant and Machinery	10 or 25%
Fixtures, Fittings and Equipment	25%
Motor Vehicles	25%

##### **Stock**

Stock and Work in Progress has been valued at the lower of cost and net realisable value.

##### **Hire Purchase and Operating Lease Contracts**

Tangible fixed assets held under hire purchase contracts are capitalised at cost and the future commitments are included under creditors.

Operating lease rentals are charged to the profit and loss account as they fall due.

##### **Deferred Taxation**

No provision has been made as it is considered that no material liability will arise in the foreseeable future.

##### **Pension Costs**

The company operates a defined contribution scheme covering one director and some of the employees. The amounts included as pension costs represent the contributions paid in respect of the accounting period.

#### **2 Operating Profit**

	<b><u>1999</u></b>	<b><u>1998</u></b>
The operating profit is stated after charging:-		
Depreciation of tangible fixed assets		
Owned Assets	<b>82,602</b>	87,654
Assets held under Hire Purchase Contracts	<b>45,383</b>	13,230
Operating Lease Rentals	<b>7,944</b>	7,937
Contract Hire Rentals	<b>24,692</b>	22,152
Auditors' Remuneration	<b>3,800</b>	3,600
Directors' Emoluments		
Remuneration	<b>59,802</b>	58,112
Pension Contributions	<b>2,324</b>	2,047
Staff Pension Contributions	<b>68,524</b>	49,949

**PRIMASIL LIMITED**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 1999**

**3 Staff Numbers and Costs**

The average number of persons employed by the company (including directors) during the year was:-

	<u>1999</u>	<u>1998</u>
Administration	16	16
Production	46	45
	<u>62</u>	<u>61</u>

The aggregate payroll costs of these persons were:-

Wages and Salaries	979,844	922,987
Social Security Costs	95,890	86,953
Other Pension Costs	70,848	51,996
	<u>1,146,582</u>	<u>1,061,936</u>

**4 Taxation**

Taxation based on results for the year

Corporation Tax partly at 21% partly at 20% (1998 - 31%)	<u>17,348</u>	<u>193,334</u>
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**5 Dividends Paid**

Ordinary Shares	<u>100,000</u>	<u>400,000</u>
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**6 Tangible Fixed Assets**

	Plant and Machinery	Fixtures, Fittings and Equipment	Motor Vehicles	Total
<u>Cost</u>				
At 30th April 1998	822,901	261,591	8,000	1,092,492
Additions	394,407	7,843		402,250
Disposals	(600)	(22,876)		(23,476)
<b>At 30th April 1999</b>	<u>1,216,708</u>	<u>246,558</u>	<u>8,000</u>	<u>1,471,266</u>

Depreciation

At 30th April 1998	371,536	134,493	5,469	511,498
Charged in Year	91,901	35,451	633	127,985
Disposals	-	(22,876)	-	(22,876)
<b>At 30th April 1999</b>	<u>463,437</u>	<u>147,068</u>	<u>6,102</u>	<u>616,607</u>

Net Book Value

At 30th April 1998	451,365	127,098	2,531	580,994
<b>At 30th April 1999</b>	<u>753,271</u>	<u>99,490</u>	<u>1,898</u>	<u>854,659</u>

Tangible Fixed Assets held under Hire Purchase Contracts

Net Book Value at 30th April 1999	<u>408,436</u>	<u>408,436</u>
Depreciation charged in this year	<u>45,383</u>	<u>45,383</u>

**PRIMASIL LIMITED**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 1999**

<b>7 <u>Stocks</u></b>	<b><u>1999</u></b>	<b><u>1998</u></b>
Raw Materials and Consumables	226,278	271,304
Work in Progress	132,396	85,841
	<u>358,674</u>	<u>357,145</u>
<b>8 <u>Debtors</u></b>		
Trade Debtors	793,187	863,758
Prepayments	120,832	25,924
Chase Products Limited	27,907	36,478
	<u>941,926</u>	<u>926,160</u>
<b>9 <u>Creditors</u>: amounts falling due within one year</b>		
Bank Overdraft (Secured)	126,800	486,925
Trade Creditors	511,361	175,949
Accruals	173,350	108,071
Corporation Tax	153,080	239,060
Taxation and Social Security	24,259	25,159
Value Added Tax	50,682	82,667
Hire Purchase	82,695	27,206
	<u>1,122,227</u>	<u>1,145,037</u>
<b><u>Creditors</u>: amounts falling due after one year</b>		
Repayable between one and five years		
Hire Purchase	<u>265,232</u>	<u>76,465</u>

The company's bankers hold a cross guarantee and debenture by Chase Products Limited, Primasil Limited and Primasil Technology Limited. The maximum liability under the company's guarantee at 30th April 1999 totalled £1,696,590 (£651,643 at 30th April 1998). The bank overdraft is secured by a mortgage debenture over the company's fixed and floating assets.

Liabilities under hire purchase contracts are secured specifically on the underlying asset.

**10 Called-Up Share Capital**

**Authorised**

50,000 Ordinary Shares of £1 each	50,000	50,000
5,000 3% Non Cumulative Preference Shares of £1 each	5,000	5,000
	<u>55,000</u>	<u>55,000</u>

**Allotted, Called-Up and Fully Paid**

50,000 Ordinary Shares of £1 each	50,000	50,000
5,000 3% Non Cumulative Preference Shares of £1 each	5,000	5,000
	<u>55,000</u>	<u>55,000</u>

# **PRIMASIL LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 1999**

<b>11 Shareholders Funds</b>	<b><u>1999</u></b>	<b><u>1998</u></b>
<b>a) Analysis of Shareholders Funds</b>		
Non-equity (3% Preference Shares)	5,000	5,000
Equity	<u>762,800</u>	<u>637,796</u>
	<u><u>767,800</u></u>	<u><u>642,796</u></u>

### **Non Equity Interests**

Shareholders funds attributable to non-equity interests comprise 5,000 3% non cumulative preference shares of £1 each at par value. The shares have a priority over ordinary shares in the event of a winding up (to the extent of their par value); and have no vote.

<b>b) Reconciliation of Movements on Shareholders Funds</b>		
Profit for the financial year after taxation	225,004	494,406
Dividend paid	<u>-100,000</u>	<u>-400,000</u>
	125,004	94,406
Opening Shareholders' Funds at 1st May 1998	<u>642,796</u>	<u>548,390</u>
Closing Shareholders' Funds at 30th April 1999	<u><u>767,800</u></u>	<u><u>642,796</u></u>

### **12 Deferred Taxation**

The full potential liability calculated on the liability method is:-

Accelerated Capital Allowances	<u>101,669</u>	<u>67,673</u>
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### **13 Directors' Interests**

During the year the company undertook a number of transactions with its fellow subsidiary Primasil Technology Limited and its holding company Chase Products Limited. The directors of Primasil Limited are also directors of Primasil Technology Limited and Mr. and Mrs. Wheeler are directors of Chase Products Limited.

### **14 Related Party Transactions**

The company hires plant, machinery and equipment from its fellow subsidiary Primasil Technology Limited. The annual charge for this was £30,000 (£30,000 - 1998). There were no amounts owing to Primasil Technology Limited at 30th April 1999 or 30th April 1998.

The company receives management charges from the holding company Chase Products Limited. The annual charge for this was £368,000 (£304,000 - 1998).

The company occupies premises owned by the holding company Chase Products Limited. The annual rent was £78,000 (£54,000 - 1998).

	<b><u>1999</u></b>	<b><u>1998</u></b>
Indebtedness at the end of the year was:-		
Owing to Chase Products Limited - Management Charges	164,000	100,000
Owing by Chase Products Limited - Current Account	<u>27,907</u>	<u>36,478</u>

**PRIMASIL LIMITED**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 1999**

**15 Holding Company**

The company is a wholly owned subsidiary of Chase Products Limited, a company incorporated in England and Wales.

**16 Operating Lease Commitments**

**1999**

**1998**

The company is committed to annual payments  
in respect of operating leases which expire between

1 and 2 years

**7,937**

-

2 and 5 years

**-**

**7,937**

The company is committed to annual payments in  
respect of contract hire arrangements which  
expire between 1 and 2 years

**11,573**

**12,498**

2 and 5 years

**12,207**

**11,573**

**17 Capital Commitments**

Authorised but not contracted  
Plant and Machinery

**196,000**

**PRIMASIL LIMITED**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 1999**

	<u>1999</u>	<u>1998</u>		
<b>18 <u>Cash Flow Statement Supporting Information</u></b>				
<b>a) <u>Reconciliation of operating profit to net cash inflow from operating activities</u></b>				
Operating Profit	<b>270,194</b>	699,612		
Depreciation of Tangible Fixed Assets	<b>127,985</b>	100,884		
(Increase) in Stocks	<b>-1,529</b>	-46,231		
(Increase) Decrease in Debtors	<b>-15,767</b>	-216,424		
Increase (Decrease) in Creditors	<b>367,806</b>	-57,429		
	<u><b>748,689</b></u>	<u>480,412</u>		
<b>b) <u>Reconciliation of Net Cash Inflow to movement in net debt</u></b>				
Increase (Decrease) in Cash in period	<b>360,125</b>	-254,114		
Cash applied to repay Bank Loan and Hire Purchase	<b>55,744</b>	24,610		
Change in debt resulting from cash flow	<u><b>415,869</b></u>	<u>-229,504</u>		
New Hire Purchase	<b>-300,000</b>	-		
Movement of debt in the period	<u><b>115,869</b></u>	<u>-229,504</u>		
Net debt at 1st May 1998	<b>-590,596</b>	-361,092		
Net debt at 30th April 1999	<u><b>-474,727</b></u>	<u>-590,596</u>		
<b>c) <u>Analysis of Net Debt</u></b>				
	<u>At 1 May 1998</u>	<u>New Hire Purchase</u>	<u>Cash Flow</u>	<u>At 30 April 1999</u>
Net Cash:				
Bank Overdraft	<u>(486,925)</u>	-	360,125	<u>(126,800)</u>
Debt:				
Hire Purchase	<u>(103,671)</u>	<u>(300,000)</u>	55,744	<u>(347,927)</u>
	<u>(590,596)</u>	<u>(300,000)</u>	415,869	<u>(474,727)</u>